ASIA TELEVISION LTD. & ANOR.

v.

VIWA VIDEO SDN. BHD. & OTHER CASES

FEDERAL COURT, IPOH
ABDUL HAMID OMAR CJ (MALAYA)
HASHIM YEOP SANI FJ
EUSOFFE ABDOOLCADER FJ
[CIVIL APPEAL NOS. 215, 240, 241 & 244 OF 1983]
3 AUGUST 1984

TRADEMARKS: *Copyright - Films in video casette - Whether copyright has been acquired - Allegation of infringement of copyright - Whether there was a valid publication - Requisite relief - Anton Piller orders - Application to set aside - Film Censorship - Provision on the question of acquisition of copyright under the Copyright Act - Non-compliance with - Effect of - Whether precluded as a result - Whether there is nexus between the two legislations.*

The appellants claimed copyright in certain films in video casette form, alleged infringement by the respondents of their copyright and instituted proceedings for the requisite relief by way of injunctions, delivery of the offending articles, discovery and damages. Immediately on the issue of the writs the appellants applied *ex parte* for and obtained Anton Piller orders.

The respondents then applied by summons *inter partes* to set aside these orders and for the return of all the articles. The learned Judge adjudged the publication of the films by the appellants to be unlawful, illegal and an offence punishable under the Films (Censorship) Act and decided that no copyright had been acquired as a result and so allowed the respondents' applications, set aside the *ex parte* order and ordered the return of the articles.

The appellants claimed copyright in the films under the provisions of s. 6(1)(a) of the Copyright Act. The gist of their contention was that there was publication in Malaysia under the provisions of s. 2(2)(c) of the Copyright Act, within 30 days of their publication in Hong Kong.

In all these four consolidated appeals, the point for resolution involves the determination of the question of the interaction, if any, of the Films (Censorship) Act 1952 on the Copyright Act 1969.

Held:

[1] There is no prohibition in either of the Acts which would preclude the appellants from acquiring copyright if they are otherwise qualified although they may be in breach of the Films (Censorship) Act. Non-compliance with the provisions of the Act does not affect the acquisition of copyright under the Copyright Act.

[2] There is no *nexus* to justify reading the two statutes conjunctively and importing the requirements of one as a condition precedent to the operation of the other.

[Appeals allowed. Orders set aside. Matter referred to learned Judge to settle terms and form.]

Cases referred to:
Anton Piller KG v. Manufacturing Processes Ltd. [1976] Ch 55
Curragh Investments Ltd. v. Cook [1974] 1 WLR 1559
St. John Shipping Corporation v. Joseph Rank Ltd. [1957] 1 QB 267
Shaw v. Groom [1970] 2 QB 504
Cate v. Devon and Exeter Constitutional Newspaper Company [1889] 40 Ch D 500
London & Harrogate Securities Ltd. v. Pitts [1976] 1 WLR 1063
The Batu Pahat Bank Ltd. v. Official Assignee of the property of Tan Keng Tin, a bankrupt [1939] AC 691; [1933] MLJ 237

Legislation referred to:
Copyright Act 1969, ss. 2, (2), (2)(c) 4, 6(1)(a)
Films (Censorship) Act 1952, ss. 2, 6, 9(2), 9A (2), 15, (1)(a), 15A

For the Respondent - W.S.W. Davidson (H.R. Paul with him) M/s. Azman, Davidson & Co
For the appellant - in person

JUDGMENT

Eusoffe Abdoolcader FJ:

The short and only point for resolution in these four consolidated appeals involves the determination of the question of the interaction if any of the Films (Censorship) Act, 1952 on the Copyright Act, 1969. These appeals are grounded on this sole issue which in fact determined the matter in the Court below.

The appellants who claimed copyright in certain films in video cassette form alleged infringement by the respondents of their copyright and instituted these proceedings for the requisite relief by way of injunctions, delivery of the offending articles, discovery and damages, and immediately on the issue of the writs applied *ex parte* for and obtained from Ajaib Singh J what has come to be known as Anton Piller orders on meeting the requirements laid down in the leading case of *Anton Piller KG v. Manufacturing Processes Ltd.* [1976] Ch 55. The respondents then applied by summons *inter partes* to set aside these orders for the return of all the cassettes, documents and other articles removed from their premises pursuant to the *ex parte* orders. The learned Judge found no merit in the contentions advanced by the respondents in their application to set aside the orders made *ex parte* except on the question of the publication of the films under the Copyright Act taken in conjunction with the Films (Censorship) Act. He held that as no certificates of approval were obtained as required under the Films (Censorship) Act there was no valid publication of the films within the provisions of the Copyright Act as the publication in Malaysia must be a lawful one. He accordingly adjudged the publication of the films by the appellants to be unlawful, illegal and an offence punishable under the Films (Censorship) Act and decided in effect that no copyright had been acquired as a result, and so allowed the respondents' applications, set aside the *ex parte* orders he had previously made and ordered the return of the articles removed from the respondents' premises.

It is not necessary to elaborate in any detail the several provisions of the two statutes in question and it will suffice to observe that copyright for works eligible therefor as enumerated in s. 4 of the Copyright Act is acquired under the provisions of that Act only, and any claim for copyright must therefore subsist within its provisions. The appellants claimed copyright in the films under the provisions of s. 6 (1)(a) of that Act on the basis that there was publication within the provisions of s. 2 (2)(c) of the Act in Malaysia within thirty days of their publication in Hong Kong. This is basically the gist of their contention, and we

might add Mr. Davidson for the respondents in two of these appeals concedes there has been publication within the provisions of s. 2(2) of the Act. The Films (Censorship) Act however provides for the censorship of films which by definition in s. 2 thereof include video tapes. Section 6 of this Act provides for customs control on importation of films and a penalty for non-compliance but sub-section (4) thereof stipulates that this section shall not apply to any film which has been authorised for exhibition in Malaysia and in respect of which a certificate has been issued under s. 9(2) or 9A(2). The latter two statutory provisions prescribe the prohibition and authorisation and the classification of films and provide for the issue of certificates of approval in respect thereof. Section 15(1)(a) of this Act makes it an offence and prescribes a penalty for any person to exhibit, sell, hire or distribute any film (or cause any of these to be done) in respect of which a certificate has not been issued under s. 9(2) or 9A(2). Section 15A of the Act similarly prescribes a penalty for the unlawful possession, custody or control of any film in respect of which the requisite certificate has not been issued.

The issue then is the effect of non-compliance with the provisions of the Films (Censorship) Act on the question of acquisition of copyright under the Copyright Act and whether this is accordingly precluded as a result. It would appear from the contention of the respondents and the judgment of the learned Judge who held that the publication by the appellants was unlawful that any such non-compliance inhibited the operation of s. 6(1)(a) of the Copyright Act with the result that the appellants could not and did not acquire any copyright in the films in question.

The correlation between the two legislative enactments must in our view depend on whether there is a *nexus* between them. Mr. Davidson agrees in answer to a question we put to him that such a *nexus* is a necessary prerequisite and that the burden is on the respondents to establish this as between the two Acts. In *Curragh Investments Ltd. v. Cook* [1974] 1 WLR 1559 it was held that for a contract to be illegal as being made in contravention of some statutory provision there had to be a sufficient *nexus* between the statutory requirement and the contract, and that where statutory requirements were not linked sufficiently, or at all, to the contract no question of its illegality arose. Megarry J (now Vice-Chancellor) put this point clearly and succinctly in his judgment in that case (at p. 1563) and we think it bears citation in *extenso:*

> I accept of course, that where a contract is made in contravention of some statutory provision then, in addition to any criminal sanctions, the Courts may in some cases find that the contract itself is stricken with illegality. But for this to occur there must be a sufficient *nexus* between the statutory requirement and the contract. If the statute prohibits the making of contracts of the type in question, or provides that one of the parties must satisfy certain requirements (e.g. by obtaining a licence or registering some particulars) before making any contract of the type in question, then the statutory prohibition or requirement may well be sufficiently linked to the contract for questions to arise of the illegality of any contract made in breach of the statutory requirement. But it seems to me a far cry from that to the breach of statutory requirements which are not linked sufficiently or at all to the contract in question. There are today countless statutory requirements of one kind or another, yet I cannot believe that an individual or a company who is in breach of any of these requirements (for example, under the Factories Acts) is thereby disabled from making a legal contract for the sale of land or validly entering into covenants for title. To take an example that was mentioned in argument, I do not think that it could seriously be contended that every contract made by an English company, whether for the sale of land or otherwise, is illegal if, when it is made, the company is liable to prosecution and fine for failing to comply with some provision of the (Companies) Act of 1948, for example, for not filing its annual returns in due time. Such a doctrine, for

which I can see no justification, would result in chaos. If in the present case I assume that the vendor is in demonstrable breach of ss. 407 and 416, I am still quite unable to see how this provides any ground for contending that the covenants for title that the vendor must give will be impaired by illegality. The breach of the law and the covenants for title seem to me to be wholly unconnected.

We should perhaps advert to some authorities in regard to this question. In *St. John Shipping Corporation v. Joseph Rank Ltd.* [1957] 1 QB 267 it was held that the infringement of a statute in the performance of a contract which was legal when made did not render the contract illegal unless the contract, as performed, was one which the statute meant to prohibit, and that, on a true construction of the statute in question, having regard to its scope and purpose, contracts for the carriage of goods were not within the ambit of the statute at all so that the plaintiffs' infringement of two of the statutory provisions did not prevent them from suing on the contract.

In *Shaw v. Groom* [1970] 2 QB 504 the defendant who was sued for arrears of rent contended that the plaintiff who had failed to provide her with a proper rent book in compliance with certain statutory requirements to that effect had committed an offence and was thereby precluded from recovering any rent. The English Court of Appeal held that since the plaintiff did not have to rely on the rent book as an essential ingredient for her cause of action and since the obligation to provide a rent book formed no part of the contract of letting but was a statutory requirement collateral to it, there was no illegality committed in the performance of the contract, and, accordingly, the plaintiff could enforce the contract and recover the rent. It further held that, in any event, where an illegality was committed in the course of performing a legal contract, the test as to the enforceability of the contract was whether on a true consideration of the relevant legislation as a whole Parliament had intended to preclude the plaintiff from enforcing the contract, and on a consideration of the pertinent provisions went on to find that the plaintiff was not so precluded even if the obligation to provide a rent book formed an essential part of the contract.

The decision in *Cate v. Devon and Exeter Constitutional Newspaper Company* [1889] 40 Ch D 500 was to the effect that the proprietor of a newspaper registered as a serial publication under the English Copyright Act, 1842 could sue in respect of his copyright in matter published in his paper although neither the name of the proprietor nor the title of the paper was registered under the specific requirements of another statute. In *London & Harrogate Securities Ltd. v. Pitts* [1976] 1 WLR 1063 the English Court of Appeal held that the breach of a provision of the English Moneylenders Act, 1927 was concerned only with criminal liability and did not provide a defence in a civil action for repayment of a loan made by licensed moneylenders.

In *The Batu Pahat Bank Ltd. v. Official Assignee of the property of Tan Keng Tin, a bankrupt* [1933] AC 691; [1933] MLJ 237 the Judicial Committee of the Privy Council held that s. 111 of the Companies Ordinance (Ordinance No. 155) did not invalidate a security given in contravention of sub-section (3) thereof which provided that no banking company shall lend any part of its funds on the security of its own shares, because, upon the true construction of the section, it merely prohibited the making of a loan on the security mentioned under part of the specific penalties and liabilities, and we would refer in this connection to the judgment of the Board delivered by Lord Russell of Killowen (at [1933] AC 698; [1933] MLJ 238) where in discussing this point he stated that their Lordships could not accede to the argument put forward by the respondent in that case without giving to the words used in the statutory provision in question a meaning which they simply did not bear.

We now turn to an examination of the position with regard to the Copyright Act in relation to the Films (Censorship) Act. There is no time frame under the latter statute, and as we pointed out s. 15 of the Films (Censorship) Act provides a criminal penalty for any of the acts specified therein in relation to any film for which the requisite certificate under that Act has not been issued. Publication under s. 6 (1)(a) of the Copyright Act is an essential prerequisite for the acquisition of copyright and the elements of publication are provided for in s. 2(2) of that Act. Under s. 2(2)(c) of the Copyright Act there is a thirty-day period provided for, which must be adhered to if the appellants are to be conferred with copyright in the films imported from Hong Kong. We would pause to observe, in view of the thirty-day period provided for in s. 2(2)(c) of the Copyright Act, that if the provisions of the Films (Censorship) Act with regard to the necessary certificates are an essential prerequisite to the acquisition of copyright then it may well be unlikely that in the vast majority of cases any copyright can accrue under the provisions of s. 6(1)(a) of the Copyright Act, as the vitiating effect of any delay on the part of the Board of Film Censors would rebound on the heads of innocent claimants of copyright under the Copyright Act.

On a careful evaluation of the relevant and requisite statutory provisions and a consideration of the question of any interplay between them we can find no sufficient *nexus* such as would satisfy the test laid down in *Curragh Investments Ltd. v. Cook* (*supra*). There is no prohibition in either of the Acts which would preclude the appellants from acquiring copyright if they are otherwise qualified although they may be in breach of the provisions of the Films (Censorship) Act which is concerned only with criminal liability and provides a penalty for breach of its relevant provisions. If it were otherwise so as to result in the defeasance of the appellants' rights under the Copyright Act in this case, then it would be equally logical to deprive a person of his rights under that Act if he commits an offence of strict or vicarious liability, such as for instance an offence under the excise laws, without any intention or *mens rea*.

In the light of the matters we have adumbrated we accordingly find that non-compliance with the provisions of the Films (Censorship) Act does not affect the acquisition of copyright under the Copyright Act. Any infringement of the provisions of the former Act attracts the criminal penalty provided for therein, but if this were also to result in defeating the appellants' rights under the Copyright Act the implications in the matter of economic loss would far exceed the penalty imposable for contravening the censorship requirements of the earlier Act. As we have pointed out there is no express or implied prohibition linking the respective requirements of the two statutes and accordingly no *nexus* to justify reading them conjunctively and importing the requirements of one as a condition precedent to the operation of the other.

Mr. Davidson also submits in the alternative that the orders sought by the appellants should be refused on the basis that as an injunction is an equitable remedy the appellants have not come to Court with clean hands in the light of their infringement of the provisions of the Films (Censorship) Act. We do not think that this contention has any merit since if the appellants have in the first instance *ex facie* acquired copyright this needs to be protected pending a full hearing of the actions instituted. The time frame stipulated in the Copyright Act and the practicability of complying with the provisions of the Films (Censorship) Act within that period have also to be taken into consideration in the exercise of judicial discretion as to whether to grant or refuse the relief sought, and it would furthermore hardly lie in the mouths of the respondents to take this point when they themselves are in no better a position to justify their actions in this regard on the same basis.

In the premises at the conclusion of argument we allowed the appeals with costs here and in the Court below to the appellants and set aside the orders of the learned Judge made on the respondents' application. This would of course result in the *ex parte* orders being restored but in view of the orders of the learned Judge directing the return of the articles removed from the respondents' premises and the time lapse since the *ex parte* orders were made and in the light of the events that may have transpired thereafter, we thought it preferable that this matter should be remitted to the learned Judge to settle the terms and form of the appropriate order, and we so ordered. The deposits lodged in Court by way of security are to be paid out to the appellants to account of their costs.

Also found at [1984] 2 CLJ 80